

EXHIBIT 68-12





24 October 2022

George Chebat
Enara Law PLLC
7631 E Greenway Road, Suite B-2
Scottsdale, AZ 85260
Tel: 602-687-2010
email: George@EnaraLaw.com

RE: Valentino Dimitrov Vs. Stavatti Entities re: Investment Repayment: Demand for Repayment on \$1 Million Investor Note

Dear Mr. Chebat,

This letter is in response to the referenced Demand for Repayment on \$1 Million Investor Note sent on 10 October 2022 and received by Stavatti registered agents on 13 October 2022.

Stavatti Aerospace Ltd ("Stavatti") is committed to the repayment of the loan of \$1 Million (\$1,000,000.00) provided to Stavatti by Valentino Dimitrov. It is our firm intention to have that loan repaid in-full as soon as possible within the next 15 to 90 days. Stavatti is immediately endeavoring to secure the additional funds necessary to repay this loan in full and is committed to its complete and total repayment as soon as possible. This loan will be repaid through either the retirement of the loan with proceeds secured from our next fundraising round currently being undertaken and coordinated by DelMorgan & Co and/or alternative investor, lender or strategic partner or through the earnings associated with new products Stavatti is now introducing for commercial sale, including but not limited to, Proprietary "Green Foam" Fire Retardant.

The \$1 Million loan provided by Mr. Dimitrov as an Angel Investor/Lender was received on 1 March 2022 by Stavatti to serve as "seed capital" for the purpose of paying initial fees associated with DelMorgan & Co ("DelMorgan"), an investment banking firm engaged by Stavatti. The purpose of the seed capital was also to address outstanding expenses associated with Stavatti's 2020 acquisition of our headquarters and prototyping center located at 9400 Porter Road, Niagara Falls, NY as well as to serve as working capital. The total engagement fee associated with DelMorgan was \$100,000 payable in four monthly installments of \$25,000. Stavatti engaged DelMorgan on 21 February 2022 with the first payment being made to them on 22 February 2022 through prior investor funds not associated with Mr. Dimitrov's loan. Stavatti made three subsequent payments of \$25,000 to DelMorgan on March 23rd, April 22nd and May 23rd. These three payments totaling \$75,000 were drawn from the proceeds of the Dimitrov loan.

From the date of engagement, Stavatti coordinated with DelMorgan to develop a comprehensive presentation and package for potential investors, including both a one page "Stavatti Teaser" and a 54 page "Stavatti Investor Presentation." While Stavatti's first presentation regarding the SM-29 project as shared with DelMorgan the morning of 24 December 2021 focused upon the Ukraine Air Force as a launch customer, only two days after engaging DelMorgan Ukraine was invaded on 24 February 2022. This invasion led to a fundamental restructuring of the Stavatti business plan and focus whereby the primary launch customer for the SM-29 upgrade was realigned from Ukraine to India. This decision was made as it was unclear at the time if Ukraine had any remaining MiG-29s to upgrade as we received information citing that the majority of the Ukrainian Air Force had been destroyed within the first few days of the war.

Between March and April of 2022 Stavatti worked with DelMorgan to develop a new SM-29 business plan that was not reliant upon Ukraine Air Force sales for success. This document and its various iterations was completed, reviewed, approved and ready for presentation to Investors on 22 June 2022. Whereas Stavatti had expected DelMorgan to have a presentation ready for circulation by 22 March 2022, the war

STAVATTI AEROSPACE LTD

NIAGARA FALLS
9400 Porter Road
Niagara Falls, NY
14304 USA

MAIL STOP
P.O. Box 3010
Niagara Falls, NY
14304 USA

MIN TEL: 651-238-5369
NY TEL: 716-205-8396
email: aerospace@stavatti.com
http://www.stavatti.com

WYOMING
30 N Gould St, Ste 2247
Sheridan, WY
82801 USA

MINNESOTA
P.O. Box 211258
Eagan, MN
55121 USA

in Ukraine and conflicting narratives regarding the availability of MiG-29 aircraft suitable for upgrade severely impacted how DelMorgan structured their investment offering. While DelMorgan was preparing the offering documents, between April 20th and May 6th Stavatti submitted "Advisory Opinion" requests to the State Department-Directorate of Defense Trade Controls (DDTC). Totalling ten submissions of DS-7786 Advisory Opinion Forms with supporting technical data, Stavatti requested Advisory Opinions regarding the export suitability of Stavatti aircraft and aircraft upgrades including the SM-27, SM-28, SM-29 and SM-31 to allied nations including Israel, Japan, Australia, Poland, Ukraine, UAE and Taiwan. On May 10th I received a phone call from DDTC stating that Stavatti's Advisory Opinions have been reviewed and we should immediately submit DSP-5 Export License Applications in support of our request for approval to export Stavatti aircraft to the end-users and nations specified in the Advisory Opinions.

During that same day both Stavatti VP Brian Colvin and myself were in Washington D.C. engaged in meetings at the Ukrainian Embassy with Major General Borys Kremenetskyi, Defense Attache, Embassy of Ukraine in the United States of America. These meetings were to coordinate both the potential sale of items on Stavatti purchase orders from Ukraine (specifically purchase orders 220328-003 and 220328-004) as well as the upgrade of Ukrainian Air Force MiG-29s and the future potential sale and delivery of the SM-28 and SM-31. This meeting ultimately resulted in General Kremenetskyi identifying himself as the party responsible for coordinating US DoD Foreign Military Financing (FMF) for Ukrainian defense acquisitions with US defense contractors. We also agreed that Stavatti would coordinate FMF with General Kremenetskyi once we received export licenses for our products from the DDTC.

Upon returning from Washington, D.C. I prepared and submitted a DSP-5 export license application for Stavatti's export of the SM-29 Super Fulcrum upgrade to DDTC. Shortly upon submission I was informed by DDTC analysts that more technical information was required to process that application, specifically technical information regarding the SM-29 aircraft with Stavatti Conformal Fuel Tanks (CFTs) presented in a manner similar to the technical briefings provided by Stavatti for our SM-27, SM-28 and SM-29 aircraft. This request resulted in a late May to early August combined engineering development and technical writing effort to produce a technical briefing of the SM-29 upgrade that would enable Stavatti to receive an export license for this product.

During this entire process, DelMorgan completed their Teaser and Investor Presentation and began presenting these materials to their network of potential investors/investment firms officially on Monday 27 June 2022. Since that date DelMorgan has continued to engage potential investors for the purpose of securing \$35 Million toward our SM-29 upgrade program and overall business plan again involving the SM-28, SM-29 and SM-31. Each Friday at 2 PM Pacific Time Stavatti has been having a Zoom call with DelMorgan Managing Directors to remain regularly updated regarding their progress and Stavatti shareholders/investors are invited to participate in that regular Zoom call to learn the status of our fundraising initiatives. To that end Stavatti team members, including myself, are meeting with Syed Kazmi of DelMorgan in a face-to-face meeting this Wednesday the 26th at 10 AM Pacific Time.

On September 9th Stavatti completed preparation of all materials necessary to submit a comprehensive DSP-5 export license application for the SM-29 Super Fulcrum upgrade to Ukraine. The DSP-5 was submitted for this project on that date and is currently In-Review with DDTC. This export license application is for a total contract value of \$2.32 Billion in SM-29 Super Fulcrum upgrades. Additionally between September 9th and October 16th Stavatti submitted a total of 7 DSP-5 export license applications for SM-29 or SM-27, SM-28 and SM-31 aircraft to US and NATO allies. These DSP-5 export license applications have a total combined value of over \$9 Billion in orders. Supported by customers who have significant interest in both Stavatti and the recapitalization of their air force. Stavatti is now waiting to receive our approved export licenses. Upon receiving approved export licenses for sales to Ukraine, those licenses will be submitted along with an FMF application to secure FMF funding from the DoD to result in the production and delivery of products from Stavatti to Ukraine and of course the generation of cashflow for Stavatti and a subsequent repayment of outstanding debts as well as the provision of a return to all Stavatti investors, lenders and shareholders. It is our understanding that DSP-5s are processed within 49 days of submission, however, due to the complexity associated with specific applications there may be additional delays, especially due to the current war in Ukraine and ever evolving US National Defense Policy regarding Ukraine.

Since receiving the investment from Mr. Dimitrov on March 1st it has been Stavatti's sincere desire and

intent to repay Mr. Dimitrov in-full and provide his return on investment as rapidly as possible. When Mr. Colvin presented our investment opportunity to Mr. Dimitrov, it was my understanding that Stavatti VP Brian Colvin presented to him our SM-29E Super Fulcrum Confidential Private Placement Memorandum (SM-29 PPM) dated January 2022. I believe Mr. Dimitrov acknowledges that he received and reviewed the SM-29 PPM as it is included and referenced as Exhibit B in your October 10th letter. At that time, Stavatti was offering investment opportunities in Stavatti/the SM-29 program, primarily through the SM-29 PPM and it was both the general policy of the company and Stavatti to offer our opportunity only as an equity investment to qualified and accredited investors through the structure offered by the PPM. While I did not, and have not yet, had the opportunity to meet with Mr. Dimitrov in person, nor engage in a phone call, zoom call, text or email exchange with Mr. Dimitrov, it is my understanding that he was familiar with the SM-29 PPM as well as Stavatti prior to considering any investment or loan to Stavatti. It is also my understanding that Mr. Dimitrov elected to participate in an alternative "Promissory Note" investment structure (Exhibit A of the October 10th Letter) which was offered in consideration of the SM-29 program to serve as seed capital for that program. This Promissory Note structure was considered by Stavatti to be a deviation from our PPM but due to the Collateral Clause which offers the conversion of the loan to the ownership of 1 Million shares of Stavatti Preferred Stock, was deemed acceptable but only within the context of the original PPM which serves as both a business plan and investment disclosure to any potential lender or investor.

While Stavatti has endeavored to raise additional capital to capitalize our \$10 Million SM-29 Business Plan as rapidly as possible, Stavatti is not in control of the time required to raise equity or debt capital, especially in the current economic and investment landscape. Per the "Risk Factors" that are clearly outlined Beginning on page 84 of the SM-29 PPM, "An investment in Stavatti is speculative and involves a high degree of financial risk. If you invest in Stavatti, you may loose all of your money as associated with this investment." Furthermore it is clearly stated in great detail that there are specific risk factors including an "Absence of Immediate Revenue" (page 71), "Possible Alternations in the Market for Military and Civil Aircraft" (Page 72) and "Need for Additional Funding and Funding Risk" (Page 75) that could significantly impact Stavatti's ability to provide a Return on Investment to any investor or lender. As the SM-29 PPM was directly connected and related to the investment opportunity presented to Mr. Dimitrov it and it's clearly presented risk factors applied to the Promissory Note Structure that Mr. Dimitrov invested under.

As noted, Mr. Dimitrov did not invest directly into the SM-29 PPM. Stavatti officially "retired" the SM-29 PPM dated January 2022 and ceased its circulation as an active investment opportunity subsequent to the engagement of DelMorgan. The DelMorgan Engagement Agreement clearly outlined a 12 month engagement term with Exclusivity such that "no other advisor is or will be authorized by (the company) during the term of (the) Agreement to perform services on the Company's behalf of the type described hereunder." That being the case, once Stavatti entered into our engagement with DelMorgan, we ceased working with a wide variety of other potential investors, brokers and fundraisers instead steering them to DelMorgan or continuing to work with them under a pre-arranged "grandfather" clause with DelMorgan which enabled Stavatti to continue engaging specific potential investors prior to entering into the agreement with DelMorgan. This included other investment banking firms such as USCGP as well as specific alternative investors. That said, by the end of June 2022, DelMorgan became our principal investment banking/equity investment coordinator and our SM-29 PPM dated January 2022 was fully expired.

While Stavatti has continued engaging potential investors, our primary focus has been upon "directing" any potential investor interested in either our \$35 Million or larger \$180 Million investment opportunity directly to DelMorgan to engage in a coordinated presentation and closure through their FINRA registered services. Simultaneously we have focused heavily upon securing export licenses such that we may secure both FMF and contract order financing and develop, produce and deliver our chosen products with or without Investment as introduced and coordinated by DelMorgan.

While we are all very frustrated by the delays and are extremely upset by the amount of time we have engaged with DelMorgan that has not yet resulted in the funding of our \$35 Million investment opportunity, we have two factors that remain active. The first factor is the 12 month term of the DelMorgan engagement. DelMorgan will continue their efforts until 21 February 2023. The second factor is the pending DSP-5 export licenses which Stavatti expects will be issued within the coming days or weeks. One holds the promise of securing the capital for our \$35 Million Business Plan while the second provides a mechanism for revenue generation as presented in our January SM-29 PPM. In general our business plan,

business model, projections and technical materials have not changes and we are staying the course. Unlike our initial beliefs on February 24th, it is very clear that Ukraine continues to fight the war and their need for MiG-29 upgrades as well as next generation attack and fighter aircraft in the years to come has not diminished but only increased. From that standpoint Stavatti is at the right place and time and has more potential today than we did on February 21st when we entered into the engagement agreement with DelMorgan.

With respect to additional capital, since the investment by Mr. Dimitrov on March 1st, Stavatti has not raised any significant capital from which we could provide a repayment of Mr. Dimitrov's loan or a return on investment. Mr. Dimitrov's role as an "Angel Investor" to Stavatti is extremely appreciated. On 3 January 2022 the Stavatti Aerospace Bank account had a balance of \$80,954. By 10 February 2022 that balance had diminished to \$772 due to the payment of business operating expenses. Between 18 February 2022 and 18 March 2022 Stavatti Aerospace raised a total of \$1,005,500 which served as our total investment capitalization for 2022. From this "seed capital" investment Stavatti engaged DelMorgan (\$100,000) as well as USCGP (\$55,000) and the government relations expertise of T2 Enterprises, LLC (\$65,000) to assist in relationships with the DDTC and DoD. Stavatti also Addressed critical outstanding expenses including those of our Law Firm, Phillips Lytle LLP (\$92,000), the Niagara County Industrial Development Agency (NCIDA) PILOT program for 9400 Porter Road (\$129,376), the payment of outstanding contractor invoices for the renovation and mechanical maintenance/repairs of 9400 Porter Road (\$260,000), support for Stavatti Ukraine as well as Ukraine Refugees (\$95,449), repayment of Stakeholder loan debt (\$96,500), Business Credit Card Payments (\$53,266.49) for a total of \$946,591 in repayment of total outstanding debts that Stavatti Aerospace had incurred prior to 18 March 2022. In short, the vast majority of Mr. Dimitrov's Angel Investment was applied directly to the engagement of DelMorgan, the repayment of debts which Stavatti had incurred prior to the investment by Mr. Dimitrov, assistance provided to Stavatti Ukraine and its staff during wartime conditions and the sustained operations of Stavatti. Today Stavatti has a remaining balance of \$6,100. Stavatti's use of funds is extremely well documented and the company has current unaudited financial statements available for inspection, along with all other documents, technical and otherwise, upon stakeholder or shareholder request.

Mr. Dimitrov's investment was supplemented by Stavatti's ongoing revenue stream that is the direct result of leasing space within 9400 Porter Road, Niagara Falls, NY to tenants. Stavatti leases approximately 20,000 sq ft of 9400 Porter Road to tenants and earned a rental income of \$35,200 since 1 January 2022.

Due largely in part from the terms of the exclusive engagement agreement with DelMorgan, Stavatti has been limited in our ability to raise investment capital beyond the relationship with DelMorgan. Stavatti has been engaging potential investors within the context of the DelMorgan agreement as well as branching into alternative investment partnerships, including joint venture opportunities to produce aircraft in allied nations or working with potential investors who would invest under the terms of the DelMorgan agreement. That said due to the significant time that has elapsed since our engagement with DelMorgan Stavatti has focused upon identifying alternative sources of investment capital.

To have a clear understanding of Stavatti's present focus, as of today Stavatti has seven DSP-5 Export License Applications in-review with the State Department Directorate of Defense Trade Controls (DDTC) for sale of aircraft or aircraft upgrades to two specific allied air force customers. One of these customers is a committed US Middle East ally and one of the wealthiest nations in the world for their anticipated acquisition of up to 230 new design, new build Stavatti military aircraft. At an estimated contract value of \$5.858 Billion (not including spare parts, training, maintenance and support materials), these export licenses reflect the potential sale of Stavatti's revolutionary next generation SM27 Machete, SM-47 Super Machete and SM-36 Stalma. Designed to defend sovereign airspace through air superiority and the projection of air dominance, these aircraft will protect both the United States and this specific Middle East Ally from regional threats posed by Iran, Syria, Radical Terrorists and unexpected threats in decades to come. Representing more than a sale, this allied nation may further support the development of these three aircraft as part of a \$500 Million Prototype, Demonstration and Validation effort. This effort which is anticipated to be funded in whole or in part before year end will address outstanding Stavatti liabilities while capitalizing the development activities necessary for the SM-27, SM-28, SM-36 and SM-47 to be prototyped, tested and enter production.

Racing to meet the need during a time of unrest with wars both in Europe and on the horizon, the mission

Stavatti faces is to prototype, test, certify, produce and begin deliveries of these critical aircraft within the next three years.

In addition to this allied country, that will not be identified for their national security reasons, today, the United States has depleted roughly one-third of its military stockpile in supporting the war in Ukraine with Canada and the UK reporting a similar expenditure in resources. It is said that it will take a minimum of ten years of continuous and intense military systems manufacturing to return America's military capability to the level it was in December 2021. There is a shortage of capable defense manufacturers with a particular shortage on companies that can produce highly advanced and sophisticated weapons including military aircraft. Both Lockheed Martin and Boeing are producing products at their capacity. We have entered a situation similar to World War II whereby companies that may be capable of producing F-35s are invited to submit "Capability Statements" to the US Navy to serve as a second production source. Stavatti is one such company.

What Stavatti is offering to the USA, Canada, the UK and all other US/NATO allies is additional capability and capacity for the military and the aerospace defense industry. With over 173,000 sq ft of hangar, office and manufacturing space on a 19.8 acre site at the Niagara Falls International Airport Stavatti is positioned today to produce our products and support this extraordinary defense need to address a dramatic shortfall. Expanding that capability, Stavatti is working to acquire the former Bell Aerospace Plant also at the Niagara Falls International Airport. Stavatti's current business plan is to acquire this historic 1.8 million sq ft aircraft manufacturing plant for \$13 Million to serve as Stavatti's center for military and general aviation mass production. Creating significant defense industry jobs and employing up to 15,000 people over the next decade, this facility has current rent rolls in excess of \$1.2 Million and literally pays for itself from a business standpoint.

Focused also on Ukraine, Stavatti has purchase orders valued at over \$200 Million to support Ukrainian Ground Forces as well as an opportunity to upgrade a minimum of 76 Ukrainian Air Force MiG-29 Fulcrums to the SM-29 Super Fulcrum configuration at a contract value of over \$2.1 Billion. These opportunities are also pending State Department Export Approval which we anticipate will be awarded prior to the end of November. Following export approval, Stavatti will work with the Ukrainian Military Attaché at the Ukraine Embassy to secure US DoD military aid which will ultimately pay for these ground assets and aircraft upgrades.

Coupled with DelMorgan, Stavatti is engaging additional lenders for launching of the critical SM-100 transport and SM-100AT fire bomber program. Ultimately resulting in an extraordinary transport and firefighting aircraft, the SM-100 is the only aircraft in its class that can carry a 20 ft SeaLand container or up to 4,000 gallons of water/fire surfactant. Like most Stavatti aircraft, the SM-100 will be produced in turboprop, electric, hybrid electric, hydrogen and Stavatti's own revolutionary "Alpha Power" technology to achieve high performance or a truly green, zero emission transport aircraft. Perhaps Stavatti's most important project, the SM-100AT will battle wildfires more effectively than any aviation asset. Coupled with a new proprietary "Green Foam" that extinguishes fires with zero toxins and no health danger to humans, animal or plant life, Stavatti has orchestrated an integrated aerial firefighting solution.

The SM-100 is also part of a development program capital raise that combines the development programs for the SM-100 with that of the SM-920 commercial airliner. Presented as Stavatti Commercial Aircraft, Stavatti is working with GEM to structure a share subscription facility which will result in the capitalization of the Stavatti Commercial Aircraft Business Plan pending the Initial Public Offering (IPO) of Stavatti Commercial Aircraft Ltd. In so doing, Stavatti has engaged in a potential mechanism by which the SM-100 and SM-920 can be fully developed and enter production while Stavatti founding investors and lenders have a clear pre-IPO and post-IPO exit structure. Stavatti is in the process of negotiating the contract with GEM and securing the estimated \$3 Million to \$10 Million in capital required to facilitate this IPO and subsequent program capitalization per the GEM proposal.

To that end, we are engaging additional private equity investors on the \$3 Million to \$10 Million level as well as engaging SBA lenders to secure between \$5 Million and \$7.5 Million in a near-term SBA loan focused on refinancing existing debt, investing in the renovation of our facility at 9400 Porter Road to enable the profitable near-term lease of its main hangar and the prototyping and demonstration of the SM-26 as a "ready for immediate orders" personal sportplane.

Each of the Stavatti business plans and programs cited above are designed to allow Stavatti to immediately activate the vendors whose past support has helped position the company for success. While each program has a different probability for realization and timing, at the top side, as pointed out above, some are in the final stages of the paperwork to begin, and many will be the result of cultivation of excellent relationships with the customers.

Stavatti has an extremely clear vision that embraces both a significant long-range strategic plan as well as an immediate solution for revenue generation. In the very near term, Stavatti is developing new products today for rapid sale and cashflow. Those products range from the "Green Foam" that may be sold in high volumes to existing aerial firefighting services (Coulson, CalFire, etc.) to our SM-26 Slick sportplane which requires \$1.5 Million to prototype after which Stavatti can begin accepting purchase orders for this high performance "Ferrari of the Sky."

Stavatti is a pioneering company. In addition to our own design aircraft, we are developing our own advanced powerplants, alloys, avionics, sensors, artificial intelligence, batteries and systems to ensure that we are independent of non-US sourced components and materials. This focus will ultimately result in the spin-off of technologies for commercialization throughout many other industries not the least of which is the consumer marketplace.

Often compared to an Apple Computer, a Boeing, a Lockheed or a new Fairchild or Hughes Aircraft, Stavatti thanks our current investors and lenders for being on the ground floor of an amazing new company that is inspirational, innovative and at the right place at the right time. Now is definitely our time and as we secure our export licenses, DoD support for both our own programs as well as the funding of our allied customer acquisitions. Stavatti has a clear and definite pathway to not only secure additional development capital for both immediate and long range strategic needs as well as generate revenue and achieve net cashflow while producing and delivering products that our customers want and need.

Stavatti remains committed to the repayment of the loan from Mr. Dimitrov as soon as funds are available to do so. Stavatti has "earmarked" over \$2 Million of the next tranche of capital secured/raised, be it \$3 Million to \$30 Million, to immediately pay-off all outstanding debts, including that of Mr. Dimitrov. While we are not in direct control of our time-line due to the very nature of fundraising and the review of DSP-5 export licenses, it is our commitment to have Mr. Dimitrov fully repaid within the next 15 to 90 days.

Additionally Stavatti encourages Mr. Dimitrov to consider the Stock Option presented to him in the Promissory Note. In any case, it is Stavatti's desire to work with Mr. Dimitrov and all stakeholders to ensure that their participation in Stavatti as Angel Investors is ultimately a positive and rewarding experience. We are at a time of war and Stavatti is working with our investment banking advisors to ensure that we can meet all of our obligations and fully develop our company and our potential as rapidly as possible within today's challenging environment.

Best Regards,



Christopher R. Beskar
President & CEO
Stavatti Aerospace Ltd
Tel: 651-238-5369
email: chris.beskar@stavatti.com